

**DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM**

AMENDMENT NO. 1

TO

FINAL

FY-2003 INTENDED USE PLAN

PRESENTED TO BOARD MAY 1, 2003



LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS

IMPROVEMENTS BOARD

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LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS
 BOARD DRINKING WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN FUND
 AMENDMENT NO. 1 TO
 FINAL FY-2003 INTENDED USE PLAN
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**AMENDMENT NO. 1 TO
FINAL FY-2003 INTENDED USE PLAN**

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Purpose of Amendment No. 1 to Final
FY-2003 Intended Use Plan

The purpose of this document is to revise the final FY-2003 Intended Use Plan to reflect the following changes:

- To transfer unexpended funds set aside in the FY-97 Cap Grant for Source Water Protection Area Delineation & Assessment to the Drinking Water Systems Improvements Revolving Loan Fund to be used to make loans. This transfer is necessary to keep from losing these unexpended funds.
- To increase the State Program Management set-aside from \$600,000 to \$796,000. These additional funds will be used to complete the delineation and assessment of source water protection areas in the State.
- To set aside \$404,000 of the FY-03 federal capitalization grant to establish and implement a well head protection program. These funds will be used to complete the delineation and assessment of source water protection areas in the State.
- To further define and prioritize the uses of the Loan Increase Reserve Fund described in Section VI.C of the IUP.
- To make necessary changes to Appendix A – FY-2003 Assumed Available Funds to account for a 0.65% rescission in federal appropriations for FY-03.

Only those pages indicated Revised 05/01/03 in the upper right hand corner have been changed.

I. Goals of the DWSIRLF Loan Program

The Local Governments and Rural Water Systems Improvements Board (Board) has established certain goals for the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Loan Program. Short term goals include: 1) continuing to refine the DWSIRLF Loan Program to make the loan program more attractive to the public water systems in the state; This includes revising the Standard Operating Procedures (SOPs) and other documents necessary to implement recent changes to the regulations to streamline the loan award process; 2) Completing a software conversion of the Drinking Water Improvements Project Database from FoxPro to Oracle to make the database more efficient and user friendly; 3) Require applicants to address, in the facilities plan, efforts that are being taken to implement solutions to deficiencies noted in the capacity assessment report as a condition of facilities plan approval; 4) Setting in place priorities and procedures which will meet the long term drinking water improvement goals of the Board, while keeping in focus the need to attract public water systems to the program and insure the use of all available funds, and 5) to establish a well head protection program to delineate and assess source water protect areas in the state. To the extent reasonably practical, this program has been structured to coordinate with other available funding programs within the State, particularly the Community Development Block Grant (CDBG), Appalachian Regional Commission (ARC) and Rural Utilities Service (RUS) programs, in order to make available the opportunity for joint funding of projects should communities desire such an arrangement. The coordination procedures for DWSIRLF projects funded jointly with the CDBG, ARC, and/or RUS program are found in Section III.

Long term goals include: maintaining a financially sound DWSIRLF in perpetuity; meeting a substantial portion of the drinking water needs in the State within a reasonable period of time; and funding projects in order of public health importance as established by the Board, while continuing to maintain a program that is attractive to the public water systems in the State. Essential to achieving these goals is the determination of an interest rate and loan repayment term which will generate sufficient fund income to meet the State's needs within a reasonable period of time, but which is significantly better than private sector funding, so as to bring public water systems to the program and insure use of all available funds. Toward this end, the Board intends to implement the program as further described in Section II. The long term priorities for funding are described in the Priority System in Section IV, which places first priority on projects that will bring existing drinking water facilities into compliance with national primary drinking water regulations and address the most serious risks to human health, as required by the federal Safe Drinking Water Act (SDWA). Other project categories will be funded in order of priority as established within the Priority System, and as available funds allow. All projects must be demonstrated to be technically, environmentally, financially and managerially sound through completion of a facilities plan, and its subsequent approval by the Mississippi Department of Environmental Quality (MDEQ) on behalf of the Mississippi State Department of Health (MSDH).

The basic framework under which the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Loan Program operates is established by two documents. The first document is the Drinking Water State Revolving Fund Loan Program Operating Agreement (Operating Agreement) between the Mississippi State Department of Health and the Environmental Protection Agency, Region IV. This Operating Agreement was agreed to by both parties and approved on August 10, 1998. The Operating Agreement establishes the basic framework of the DWSIRLF that is not expected to change from year to year. The second document is this Intended Use Plan (IUP) which includes a list of projects proposed for assistance, information on DWSIRLF activities to be supported, criteria and methods for disbursing DWSIRLF funds, and assurances. If anyone would like to receive a copy of either of these documents they should contact Chan Burns at (601) 576-7518 to request copies.

II. Information on DWSIRLF Activities to be Supported

The Board has determined that the following will apply to the DWSIRLF loan program, subject to compliance with the DWSIRLF loan program regulations:

- a. Eligible/allowable project costs will include those project costs that are eligible, reasonable, necessary, allocable to the project, within the established project scope and budget, in conformance with the DWSIRLF regulations and approved by the Department of Environmental Quality.
- b. Loan applicants will be limited to one loan per fiscal year.
- c. DWSIRLF loans may not exceed \$1,500,000 as established by State law.
- d. The only type of assistance to be provided under the DWSIRLF loan program will be loans to public entities which are authorized under State law to collect, treat, store and distribute piped water for human consumption, and to enter into a DWSIRLF loan agreement, and which have the ability to repay the DWSIRLF loan; for the construction of eligible drinking water production, treatment and distribution facilities.
- e. All loan terms will be at a 4% annual interest rate, compounded monthly, with a maximum 20-year, or less if requested by loan recipient, repayment period. The interest will not apply during the original construction period and will commence at the completion of the original construction period.
- f. DWSIRLF loan participation will be at 100% of eligible project costs, less any funding made available from other agencies for these same eligible project costs.
- g. Refinancing of debt for allowable construction that was incurred and building performed prior to the date of the DWSIRLF loan award and for other allowable project costs incurred prior to loan award will be DWSIRLF loan eligible provided:

- The debt is for work under a construction contract for which the notice to proceed was issued on or after October 1, 2002.
 - The project is in compliance with all applicable DWSIRLF program regulations and obtains Department of Health or Department of Environmental Quality approval of all applicable documents prior to award of the DWSIRLF loan.
 - The prospective loan recipient agrees that by pursuing such a refinancing arrangement, it proceeds at its own risk and relieves the Board, the Department of Health, the Department of Environmental Quality and the Departments' staff of all responsibility and liability should such costs later be determined unallowable for any reason or should such funding not become available for any reason.
 - The prospective loan recipient agrees that by pursuing such a refinancing arrangement, no future commitment of funding a refinanced project is provided, nor is any commitment provided for future funding at a particular interest rate or loan term. Such determinations will be made in the Intended Use Plan for each fiscal year.
- h. Revenues to pay for DWSIRLF program administration cost will be received from an administration fee of 5% of the original eligible loan amount that shall be charged to all FY-2003 loan recipients. This administration fee is an eligible DWSIRLF loan cost and will be included in each loan agreement. Should any loan for a certain project be terminated and later awarded again, the new administration fee will be based upon the current eligible loan amount in the new loan award, allowing credit for any previously paid administration fees. There is currently \$2,519,794 in this program administration fund and we expect to receive an additional \$714,500 during the current year.
- i. Project detail information for the FY-2003 DWSIRLF projects is shown in Section V of this Intended Use Plan (IUP).
- j. The FY-2003 Priority List expires on September 30, 2003. Projects listed in the FY-2003 Priority List that do not receive funding by this date will not be funded under the FY-2003 funding cycle, and will be subject to the requirements of the FY-2004 or subsequent Intended Use Plans and Priority Lists.
- III. Coordination Schedules with Other Funding Sources on Jointly Funded Drinking Water Projects.
- A. Coordination of Drinking Water Systems Improvement Revolving Loan Fund Program and Community Development Block Grant (CDBG) Program on Jointly Funded Drinking Water Projects.

FY-2003 DWSIRLF and FY-2003 CDBG Construction Project Schedule*

| | |
|-----------|---|
| 10/2002 | CDBG program application workshops. |
| 11/04/02 | Deadline for a CDBG grant applicant to submit a water viability review form to MDA. |
| 11/2002 | CDBG public facilities applications, along with one copy of the DWSIRLF loan application with maps and appropriate attachments, will be accepted from 11/14/02 until 1:00 p.m. on 11/15/2002. |
| 11/2002 | MDA provides notification to MDEQ that complete CDBG applications have been received. |
| 12/01/02 | Loan applicants submit the complete DWSIRLF facilities plan, prepared in accordance with DWSIRLF loan program regulations, to MDEQ. The plan must indicate anticipated CDBG funding and must indicate if the loan applicant intends to proceed with the project; 1) only if CDBG funds are received, or 2) regardless of whether CDBG funds are received. |
| 1/2003 | MDEQ notifies Mississippi Development Authority (MDA) of loan applicants who have submitted facilities plans which indicate anticipated FY-2003 CDBG funding. |
| 01/2003 | MDEQ send outs Draft DWSIRLF FY-2003 Intended Use Plan requesting public comments. |
| 02/2003 | Board adopts FY-2003 DWSIRLF Intended Use Plan, accounting for anticipated CDBG award amounts if identified in facilities plan. |
| 03/2003 | MDEQ notifies MDA of projects included on the final FY-2003 Priority List that anticipate receiving FY 2003 CDBG funds. |
| 02/2003 | MDA provides notification to MDEQ of which projects fall within the funding range for CDBG grants for construction contingent upon matching funds being in place. MDEQ will not award a DWSIRLF loan until this notification from MDA is provided. |
| 05/1/2003 | Deadline for loan applicants to submit a completed DWSIRLF loan application to MDEQ for the total DWSIRLF eligible costs, less amount of anticipated CDBG award to be applied to the DWSIRLF costs. |

If the loan recipient is pursuing a CDBG grant to cover part of the cost of construction, the loan recipient has the option to include the anticipated CDBG grant amount in the detailed cost breakdown in the application; or may request 100% DWSIRLF funding with the possibility of amending the loan application later if the loan recipient is awarded a CDBG grant prior to receipt of bids for construction. However, the DWSIRLF loan application must be consistent with the DWSIRLF facilities plan for the project.

06/2003 MDEQ provides notification to MDA that complete DWSIRLF loan applications have been received.

8/1/03 All approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval.

Upon Loan Award MDEQ copies MDA on the award letter.

* Subject to change due to the timing of federal appropriations or program changes.

B. Coordination of Drinking Water Systems Improvement Revolving Loan Fund Program and Appalachian Regional Commission (ARC) Grant Program on Jointly Funded Drinking Water Projects.

FY-2003 DWSIRLF and FY-2003 ARC Schedule*

05/01/2002 Mississippi Appalachian Regional Office (MARO) notifies potential applicants & local Planning & Development Districts of the 7/15/02 deadline for submitting pre-applications for ARC grants.

07/15/02 MARO accepts pre-applications for ARC grants for FY-2003.

08/2002 MARO notifies MS Department of Environmental Quality (MDEQ) of grant applicants who submitted pre-applications for ARC grants which indicate anticipated FY-2003 SRF funding.

10/2002 MARO presents draft funding plan to Governor & ARC Alternate for comments & approval.

11/2002 MARO notifies local Planning & Development Districts of projects that have been selected for the P1 (fundable priority list). MARO will carbon copy MDEQ on these notification letters if grantee has indicated that it is pursuing DWSIRLF loan funds for this project. MDEQ will not award a DWSIRLF loan until this notification from MARO is provided.

| | |
|------------------|---|
| 12/01/02 | Loan applicants submit complete DWSIRLF facilities plan to MDEQ. The plan must indicate anticipated ARC funding and must indicate if the loan applicant intends to proceed with the project; 1) only if ARC funds are received, or 2) regardless of whether ARC funds are received. |
| 12/15/02 | Deadline for grantees to submit final documents and forms needed to complete the application package to MARO. |
| 01/2003 | MDEQ notifies MARO of loan applicants who have submitted complete facilities plans which indicate anticipated FY-2003 ARC funding. |
| 01/2003 | MDEQ sends out Draft DWSIRLF FY-2003 Intended Use Plan. |
| 01/15/2003 | MARO forwards ARC grant applications to ARC-Washington |
| 01/30/2003 | ARC-Washington starts the final funding approval process and awards ARC grants during the spring or summer of 2003. |
| 02/2003 | Board adopts FY-2003 DWSIRLF Intended Use Plan accounting for anticipated ARC award amounts if identified in facilities plan. |
| 03/2003 | MDEQ notifies MARO of projects included on final FY-2003 Priority List that anticipates receiving FY-2003 ARC funds. |
| 05/1/03 | Deadline for loan applicants to submit a completed DWSIRLF loan application to MDEQ for the total DWSIRLF eligible costs, less the amount of anticipated ARC award to be applied to DWSIRLF costs. |
| 06/2003 | MDEQ provides notification to MARO that complete DWSIRLF loan applications have been received. |
| Upon Grant Award | MARO provides notification to MDEQ that ARC awards have been made. |
| 8/01/03 | All approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval. |
| Upon Loan Award | MDEQ copies MARO on the award letter. |

09/2003 Loan applicants receive DWSIRLF loan awards from MDEQ. The amount of the loan will be the total DWSIRLF eligible cost less the ARC award amount to be applied to DWSIRLF eligible costs.

* Subject to change due to the timing of federal appropriations or program changes.

C. Coordination of Drinking Water Systems Improvements Revolving Fund Program and Rural Utilities Service (RUS) Grant and Loan Program on Jointly Funded Drinking Water Projects

General Guidance regarding DWSIRLF/RUS coordination: The RUS is an agency of the United States Department of Agriculture which provides loans and grants for water and wastewater projects. Eligible applicants must be public bodies, nonprofit organizations, or Indian tribes that serve communities with populations under 10,000. RUS funds may be used in conjunction with other Federal, State, or local moneys.

Applications for RUS funds are received at any time during the year, and involve an environmental review that includes public notifications and comment periods.

RUS projects are funded at any time during the year as long as funds are available. RUS funds are allocated by Congress in October of each year, and are usually spent as complete applications are received. Therefore, it is generally to the applicant's advantage to file applications earlier in the year.

To receive an application package or other information, contact: Rural Utilities Service, 100 West Capitol Street, Suite 831, Jackson, MS 39269; telephone: (601) 965-5460; fax: (601) 965-4566.

FY-2003 DWSIRLF and FY-2003 RUS Construction Project Schedule*

| | |
|----------|---|
| 12/01/02 | Loan applicants submit complete DWSIRLF facilities plan to MDEQ. The plan must indicate anticipated RUS funding and must indicate if the loan applicant intends to proceed with the project; 1) only if RUS funds are received, or 2) regardless of whether RUS funds are received. |
| 01/2003 | MDEQ notifies U. S. Department of Agriculture, Rural Utilities Service (RUS) of loan applicants who have submitted facilities plans which indicate anticipated FY-2003 RUS funding |
| 01/2003 | MDEQ sends out Draft DWSIRLF FY-2002 Intended Use Plan. |
| 02/2003 | Board adopts FY-2003 DWSIRLF Intended Use Plan, accounting for anticipated RUS award amounts if identified in facilities plan. |

03/2003 MDEQ notifies RUS of projects included on the final FY-2003 Priority List that anticipate receiving RUS funds.

05/1/03 Deadline for loan applicants to submit complete DWSIRLF loan applications to MDEQ for the total DWSIRLF eligible costs, less amount of anticipated RUS award to be applied to DWSIRLF costs.

If the loan recipient is pursuing a RUS grant/loan to cover part of the cost of construction, the loan recipient has the option to include the anticipated RUS grant/loan amount in the detailed cost breakdown in the application, or may request 100% DWSIRLF funding with the possibility of amending the loan application later if the loan recipient is awarded a RUS grant/loan prior to receipt of bids for construction. However, the DWSIRLF loan application must be consistent with the DWSIRLF facilities plan for the project.

06/2003 MDEQ provides notification to RUS that complete DWSIRLF loan applications have been received.

8/1/03 All approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval.

05 - 09/2003 If loan applicant desires DWSIRLF loan award prior to RUS award, loan applicant must provide MDEQ with a copy of letter from RUS which states their project will be funded only contingent upon receipt of DWSIRLF matching funds. MDEQ will not award a DWSIRLF loan until this notification from RUS is provided.

Upon Loan Award MDEQ copies RUS on the award letter.

* Subject to change due to the timing of federal appropriations or program changes.

IV.

FINAL

FISCAL YEAR - 2003 MISSISSIPPI DRINKING WATER SYSTEMS IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM PRIORITY LIST

Category III: Pressure Deficiencies Projects

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|--|---------------------------------------|------------------------|--------------------------------|---|-------------------------------------|
| Town of Flora | Distribution Upgrades & Consolidation | 13,520.0 | 1,651 | \$ 0.08 | \$ 0.08 |
| City of Tupelo | Distribution Upgrades | 4,800.0 | 34,211 | \$ 1.26 | \$ 1.34 |
| Adams County Water Assoc. | Distribution Improvements | 2,540.7 | 16,000 | \$ 0.98 | \$ 2.32 |
| Lewisburg Water Assoc. | Storage | 1228.6 | 2,843 | \$ 0.85 | \$ 3.17 |
| Fisher Ferry Water Assoc. (Phase I of II) | Well, treatment & storage | 1,074.7 | 7,000 | \$ 1.50 | \$ 4.67 |
| Dixie Community Utility Assoc. | Storage & Distribution | 986.7 | 5,180 | \$ 1.49 | \$ 6.16 |
| Town of North Carrollton | Distribution Replacement | 431.2 | 2,738 | \$ 1.50 | \$ 7.66 |
| Mt Comfort Water Assoc. | Mt Moriah Sub-Syst Well & Storage | 295.0 | 3,819 | \$ 0.45 | \$ 8.11 |

FINAL FISCAL YEAR - 2003 PRIORITY LIST - Cont.

Category IV: System Capacity Expansion to Serve Existing Unserved Residences/Businesses

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|--------------------|----------------------------|------------------------|--------------------------------|---|-------------------------------------|
| City of Southaven | Distribution | 1,668.7 | 27,077 | \$ 1.50 | \$ 9.61 |
| Walls Water Assoc. | Well & Distribution | 1,527.8 | 8,647 | \$ 1.26 | \$ 10.87 |

Category V: Back-up Water Supply Sources Projects

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|--------------------------------------|---|------------------------|--------------------------------|---|-------------------------------------|
| City of Starkville -- Phase I of II | Well, Pressure Filter, Booster Station & Raw Water Line | 6,750.0 | 21,869 | \$ 1.42 | \$ 12.29 |
| Bear Creek Water Assoc. Phase I of V | Well & Distribution | 4666.7 | 25,000 | \$ 1.50 | \$ 13.79 |
| Highway 28 Water Assoc. | Well | 2,415.4 | 1,850 | \$ 0.24 | \$ 14.03 |

FINAL FISCAL YEAR - 2003 PRIORITY LIST - Cont.

Category V: Back-up Water Supply Sources Projects – Cont.

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|----------------|------------------------------|------------------------|--------------------------------|---|-------------------------------------|
| City of Morton | Well, Storage & Distribution | 2,100.0 | 5,390 | \$ 1.06 | \$ 15.09 |

*****FUNDING LINE*****

| | | | | | |
|----------------------|---------------------------------|---------|--------|---------|----------|
| City of Olive Branch | Storage | 1,103.3 | 25,659 | \$ 1.22 | \$ 16.31 |
| Town of Hatley | Well, Trt Upgrade & Water Mains | 679.7 | 1,800 | \$ 1.00 | \$ 17.31 |

Category VI: Existing Facilities Upgrade (Meeting Primary Standards)

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|-----------------|--------------------------------------|------------------------|--------------------------------|---|-------------------------------------|
| City of Laurel | Tank Rehab & Water Line Replacement | 6,600.6 | 18,393 | \$ 1.38 | \$ 18.69 |
| City of Oxford | Dooleyville Distribution Replacement | 6,339.0 | 12,490 | \$ 1.50 | \$ 20.19 |
| City of Clinton | Storage | 4,766.7 | 26,000 | \$ 1.50 | \$ 21.69 |

FINAL FISCAL YEAR - 2003 PRIORITY LIST - Cont.

Category VI: Existing Facilities Upgrade (Meeting Primary Standards) – Cont.

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|--------------------------------|---|------------------------|--------------------------------|---|-------------------------------------|
| City of Hernando | Treatment Upgrade & Distribution | 4,209.1 | 6,800 | \$ 0.55 | \$ 22.24 |
| Lawrence County Water Assoc. | Storage & Feeder Line | 2,355.6 | 2,625 | \$ 0.32 | \$ 22.56 |
| City of Brandon Phase I of III | Well, Distribution Replacement & Booster Station | 2,200 | 19,700 | \$ 1.50 | \$ 24.06 |
| Hilldale Water Assoc. | Wells, Tank Rehab, Trt | 1,290.0 | 5,031 | \$ 1.30 | \$ 25.36 |
| Corinth Utility Commission | Dist. Replacement, Storage, Booster Stations & Generators | 1,181.9 | 18,000 | \$ 1.32 | \$ 26.68 |
| City of Pearl | Storage | 560.0 | 20,600 | \$ 1.50 | \$ 28.18 |
| City of Long Beach | Distribution Replacement | 330.8 | 20,000 | \$ 0.65 | \$ 28.83 |

FISCAL YEAR - 2004 AND AFTER PLANNING LIST

(Projects included on the Planning List did not meet the December 1, 2002 deadline for submission of a complete facilities plan. These projects have been ranked on the Planning List based on information provided on the Request for Ranking Form. A determination of project eligibility can not be completed until the facilities plan has been submitted and reviewed.)

Category II: Primary Drinking Water Standards Projects

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Possible Funding FY</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|--------------------------------------|----------------------------|------------------------|--------------------------------|----------------------------|---|-------------------------------------|
| NE MS Regional Water Supply District | Treatment | 10,666.7 | 46,000 | 2004 | \$ 1.50 | \$ 1.50 |

Category III: Pressure Deficiencies Projects

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Possible Funding FY</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|---|-------------------------------------|------------------------|--------------------------------|----------------------------|---|-------------------------------------|
| City of Olive Branch Project 6 ¹ | – Distribution | 7,047.6 | 23,500 | 2004 | \$ 1.10 | \$ 2.60 |
| Bear Creek WA – Project No. 11.2 ¹ | Well, Replace Storage, Booster Pump | 5,384.6 | 25,000 | 2004 | \$ 1.31 | \$ 3.91 |

¹ These projects will not be considered for funding during FY-2003. It is the Board's intent to limit loan recipients to only one loan during FY-03 due to the lack of available funds.

FISCAL YEAR - 2004 AND AFTER PLANNING LIST – CONT.

Category III: Pressure Deficiencies Projects – (Cont.)

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Possible Funding FY</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|--|------------------------------------|------------------------|--------------------------------|----------------------------|---|-------------------------------------|
| Bear Creek WA – Project No. 11.3 ¹ | Storage, Distribution | 5,000.0 | 25,000 | 2004 | \$ 1.41 | \$ 5.32 |
| City of Olive Branch – Project 05 ¹ | Distribution Upgrades | 4,933.3 | 23,600 | 2004 | \$ 1.50 | \$ 6.82 |
| Bear Creek WA – Project No. 11.4 ¹ | Storage, Distribution | 4,895.1 | 25,000 | 2004 | \$ 1.44 | \$ 8.26 |
| Town of Sallis | Storage | 3,224.3 | 1,250 | 2004 | \$ 0.40 | \$ 8.66 |
| North Lauderdale Water Assoc. | Storage, Distribution Improvements | 2,292.0 | 8,730 | 2004 | \$ 1.50 | \$ 10.16 |
| Yocona Water Assoc. | Storage | 2,291.7 | 963 | 2004 | \$ 1.30 | \$ 11.46 |
| Fisher Ferry Water Assoc. – Phase 2 ¹ | Storage & Well | 1,343.3 | 7,000 | 2004 | \$ 1.21 | \$ 12.67 |
| NTS Utility Assoc. | Well, Dist. Improvements | 948.7 | 4,615 | 2004 | \$ 1.50 | \$ 14.17 |
| Punkin Water Assoc. ² | Well, Storage & Distribution | 452.5 | 845 | 2004 | \$ 1.00 | \$ 15.17 |

¹ These projects will not be considered for funding during FY-2003. It is the Board's intent to limit loan recipients to only one loan during FY-03 due to the lack of available funds.

² The Punkin Water Association requested that this project be moved from the FY-03 Priority List to the FY-04 and After Planning List.

FISCAL YEAR - 2004 AND AFTER PLANNING LIST – CONT.

Category III: Pressure Deficiencies Projects – (Cont.)

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Possible Funding FY</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|-------------------------|----------------------------|------------------------|--------------------------------|----------------------------|---|-------------------------------------|
| Pine Grove Water Assoc. | Storage & Distribution | 429.8 | 950 | 2004 | \$ 0.60 | \$ 15.77 |

Category IV: System Capacity Expansion to Serve Existing Unserved Residences/Businesses

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Possible Funding FY</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|---------------------|----------------------------|------------------------|--------------------------------|----------------------------|---|-------------------------------------|
| Town of Leakesville | Distribution | 290.0 | 3,423 | 2004 | \$ 0.20 | \$ 15.97 |
| City of Gautier | Distribution | 130.0 | 17,500 | 2004 | \$ 1.00 | \$ 16.97 |
| City of Horn Lake | Well & Distribution | 37.0 | 15,000 | 2004 | \$ 0.60 | \$ 17.57 |

Category V: Back-up Water Supply Sources Projects

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Possible Funding FY</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|---------------------------|----------------------------|------------------------|--------------------------------|----------------------------|---|-------------------------------------|
| Willow Grove Water Assoc. | Well & Trt | 1,352.5 | 2,500 | 2004 | \$ 0.60 | \$ 18.17 |

¹ These projects will not be considered for funding during FY-2003. It is the Board's intent to limit loan recipients to only one loan during FY-03 due to the lack of available funds.

FISCAL YEAR - 2004 AND AFTER PLANNING LIST – CONT.

Category VI: Existing Facilities Upgrade (Meeting Primary Standards)

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Possible Funding FY</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|--|-----------------------------------|------------------------|--------------------------------|----------------------------|---|-------------------------------------|
| Mitchell Water Assoc. | Well Repairs | 13,870.0 | 365 | 2004 | \$ 0.10 | \$ 18.27 |
| City of Starkville ¹ | Storage | 12,115.4 | 21,869 | 2004 | \$ 0.78 | \$ 19.05 |
| City of Olive Branch – Project 08 ¹ | Fairhaven Treatment Plant Upgrade | 11,044.8 | 23,600 | 2004 | \$ 0.70 | \$ 19.75 |
| City of Olive Branch – Project 07 ¹ | Caroma Street Plant Upgrade | 7,547.2 | 23,600 | 2004 | \$ 1.10 | \$ 20.85 |
| Bear Creek Water Assoc – Project 11.5 ¹ | Well Replacement | 7,070.7 | 25,000 | 2004 | \$ 1.00 | \$ 21.85 |
| City of Gautier | Treatment Plant Upgrades | 5,274.0 | 17,500 | 2004 | \$ 1.50 | \$ 23.35 |
| Town of Silver Creek | Storage | 4,928.0 | 462 | 2004 | \$ 0.10 | \$ 23.45 |
| City of Brandon – Phase 3 ¹ | Electronic Metering System | 4,814.8 | 19,700 | 2004 | \$ 1.35 | \$ 24.80 |
| Walls Water Assoc. – Hills District ¹ | Distribution Line Replacement | 3,225.8 | 8,647 | 2004 | \$ 0.66 | \$ 25.46 |
| City of Brandon – Phase 2 ¹ | Storage Upgrades | 2,133.3 | 19,700 | 2004 | \$ 1.50 | \$ 26.96 |

¹ These projects will not be considered for funding during FY-2003. It is the Board's intent to limit loan recipients to only one loan during FY-03 due to the lack of available funds.

FISCAL YEAR - 2004 AND AFTER PLANNING LIST – CONT.

Category VI: Existing Facilities Upgrade (Meeting Primary Standards)

| <u>Project</u> | <u>Project Description</u> | <u>Priority Points</u> | <u>Service Area Population</u> | <u>Possible Funding FY</u> | <u>Loan Amount Requested (Millions)</u> | <u>Statewide Cum. \$ (Millions)</u> |
|---|----------------------------|------------------------|--------------------------------|----------------------------|---|-------------------------------------|
| Corinth Utility Commission ¹ | Distribution Replacement | 1,040.0 | 18,000 | 2004 | \$ 1.50 | \$ 28.46 |

¹ These projects will not be considered for funding during FY-2003. It is the Board's intent to limit loan recipients to only one loan during FY-03 due to the lack of available funds.

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Abbreviations

| | | |
|----------------------|---|---|
| Assoc. | - | Association |
| Connecting Lines | - | lines to connect the well to the treatment plant |
| Corinth Utility Com. | | City of Corinth Utility Commission |
| Cum | - | Cumulative |
| Dist. | - | Drinking water distribution lines |
| Improv | - | Improvements |
| MS | - | Mississippi |
| Rehab | - | Rehabilitation of existing facilities for the purpose of extending its useful life. |
| Storage | - | Includes elevated, standpipe and ground finished water storage tanks. |
| Trt | - | Treatment facility |
| W & S | - | Water and Sewer |
| W S & F | - | Water Sewer and Fire |
| Well | - | Drinking water well |

Drinking Water Systems Improvements
Revolving Loan Fund
Priority System

A. Program Funding and Ranking Rationale

1. Projects will be placed on the fundable portion of the Priority List according to both priority ranking and readiness to proceed. The term “ready to proceed” means that all loan application requirements established in the program regulations are met, and all documents necessary for loan award are approved. If a project cannot reasonably be expected to meet the Priority System deadlines, then the project will not be placed on the current year priority list, but rather will be placed on the planning list. It is the Board’s judgement as to whether the project can be ready to proceed. Loans will be awarded for projects within the available funds in the following order:
 - (1) Projects above the funding line on the current year priority list that have met all Priority System deadlines will be funded when they are ready to proceed.
 - (2) Should any projects above the funding line on the current year priority list fail to comply with any of the deadlines in this Priority System, the funds reserved for said project will be released and made available to other project(s) on the current year priority list that are ready for loan award in the manner described in the Project By-pass Procedure described below.
 - (3) If it becomes apparent that the projects on the current year priority list will not obligate all available funds by the end of the current fiscal year, projects on the planning list that are ready to proceed will be funded from these remaining funds in the manner described in the By-pass Procedure described below.

Project By-pass Procedure: Should any project on the FY-2003 Priority List shown above the funding line fail to comply with the deadlines in Section D., the funds reserved for said project will be released and made available to ensure that all projects above the funding line, meeting priority system deadlines, are funded for at least the amount shown on the priority list, and then will be made available to the highest ranking project(s) shown below the funding line that is ready for loan award at the time funds become available. If no projects below the funding line are ready for loan award at the time funds become available, projects shown below the funding line will be funded on a first-come, first-served basis as they become ready for loan award until the released funds are awarded. This same process will continue as each deadline passes and released funds become available.

2. Loan Decreases

Any funds recovered from loan decreases during the year will be used to fund bid overruns for prior year projects, if funds from the loan increase reserve are not sufficient to cover the bid overruns, then to ensure that all projects above the funding line, meeting the priority system deadlines, are funded for at least the amount shown on the priority list, and then will be used to fund other loan increases on a first-come, first-served basis. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards ready to proceed on a first-come, first-served basis.

3. DWSIRLF Loans to Match EPA State & Tribal Assistance Grants (STAG)

On October 10, 2001, EPA issued policy memorandum DWSRF 02-01 to notify regions and states of a change in policy regarding the use of state Drinking Water State Revolving Fund monies for providing local match for STAG grants. This change in EPA policy will allow the state to use non-federal, non-state match DWSIRLF funds to provide loans that can be used as local match for STAG grants awarded for drinking water projects.

These non-federal, non-state match DWSIRLF loan funds could be made available to eligible STAG grant recipients that are on the current year priority list above the funding line, for use as local match funds for their STAG grants, provided the grant is for loan eligible work. Such projects will be funded in accordance with the Priority System and until all non-federal, non-state match monies have been obligated or demand for such funds have been met.

B. Priority System Categories

Project categories are defined below. Projects in Category I will be funded each year to the extent the Board makes funds available. Projects in Categories II through VIII are ranked in categorical order. That is, all Category II projects are ranked higher than Category III projects, etc. Ranking is established in like manner through all remaining categories. Adjustments will be made as necessary to comply with small community set aside provisions of the Federal Safe Drinking Water Act and as established by the Board [Section 1542(a)(2) of SDWA]. The order of Categories II - VIII is intended to give highest priority to those projects that address the most serious risks to human health. Projects within each category will be funded as described in Section B. if they meet established Priority System deadlines.

1. Category I - Previous Year Certified Projects

Priority for this category will be given to the previous year Category II projects to the maximum extent practicable. Category I includes projects (both above and below the funding line) that are determined by the Department to have met all the Priority System requirements, secured approval of all required documents, and were substantially ready to receive loans during the previous fiscal year, but were

not funded because of a lack of improvement loan funds or failure to receive an assurance of CDBG, ARC or other matching funds in the previous fiscal year. Each year, the Board will normally designate such projects in an amount of up to approximately 25% of the current year's available funds as Category I Projects. Providing this special category in FY-2004 to fund projects that have been certified complete from FY-2003 will encourage applicants whose projects initially fall below the funding line to continue meeting all Priority System deadlines. Those applicants who continue to meet deadlines in attempting to qualify for Category I in FY-2004 also provide a pool of projects, ready for loan award in FY-2003, to replace any projects (initially above the funding line) that have their funds released for failure to meet deadlines during FY-2003. Within this category, projects will be ranked according to the current Priority Ranking Criteria.

2. Category II - Primary Drinking Water Standards

Projects to facilitate compliance with Primary Drinking Water Standards. To qualify for this category projects must correct deficiencies resulting in non-compliance with the primary drinking water standards.

3. Category III - Pressure Deficiencies

Projects to correct documented deficiencies that result in existing systems routinely failing to maintain minimum acceptable dynamic pressure. Experience has shown that failure of water systems to maintain minimum acceptable dynamic pressure is the major cause of system contamination in Mississippi. System contamination that results from inadequate water system pressure is considered by the Mississippi State Department of Health to be one of the most serious drinking water related threats to public health in Mississippi

4. Category IV - System Capacity Expansion To Serve Existing Unserved Residences/Businesses

Projects to either expand existing system capacity or construct a new drinking water system to ensure safe drinking water (source, treatment and/or distribution) to serve existing residences/businesses in currently unserved areas.

5. Category V - Back-up Water Supply Sources Projects

Projects to provide additional supply to systems with insufficient or non-existent back-up water supply sources to ensure safe drinking water, and thereby protect the health of the existing population. As a minimum, a system using ground water should be able to lose any one of the wells supplying the system and still maintain minimum acceptable dynamic pressure throughout the entire system.

6. Category VI - Existing Facilities Upgrades (Meeting Primary Standards)

Projects to rehabilitate, replace, protect or upgrade deteriorated, worn, aged or obsolete equipment, facilities, etc., to assure continued, dependable operation of water systems where such systems are already meeting Primary Drinking Water Standards.

7. Category VII - Secondary Drinking Water Standards Projects

Projects to provide treatment that brings systems into compliance with Secondary Drinking Water Regulations.

8. Category VIII - Consolidation Projects

Projects to consolidate separate systems into a single system for purposes other than included in Categories II through VII. Consolidation will also be considered in establishing priority ranking within all categories, as described in the Priority Ranking Criteria in Section B.

C. Priority Ranking Criteria

The criteria for ranking projects within each category is intended to give priority to projects that: 1) benefit the most people per dollar expended; 2) assist systems most in need on a per household affordability basis as required by the Safe Drinking Water Act; and 3) use consolidation with other systems to correct existing deficiencies and improve management. These considerations are addressed by the Priority Ranking Criteria in the following manner:

1. Benefit/Cost

Benefit/Cost points assigned to each project will be determined using the following formula:

$$\text{Benefit/Cost Points} = \frac{\text{Number of benefiting connections}}{\text{Total eligible cost of improvements (in \$1.0 millions)}}$$

The number of benefiting connections must be included in the facilities plan submitted by the applicant and is defined as the sum of individual connections **currently experiencing deficiencies that will be corrected by the improvement** and includes only existing residences, businesses, and public buildings. Applicants must furnish information (including hydraulic analysis, if necessary) to support their estimate of the number of benefiting connections. The total eligible cost is in millions of dollars (i.e., \$800,000 = \$0.8 M).

2. Affordability Factor

An affordability factor will be assigned to each project to reflect the relative needs of applicants on a per household basis. The Benefit/Cost points calculated in Section B.1. will be adjusted using the affordability factor in the following formula:

$$\text{Adjusted Benefit/Cost Points} = (\text{Affordability Factor}) \times (\text{Benefit/Cost Points})$$

The affordability factor used in the calculation is defined as the ratio of the 2001 median household income for the State of Mississippi (\$31,913) to the 2001 median household income for the affected community and will be no less than 1.0 and no greater than 1.5. Median household incomes to be used in the calculations will be those displayed in the publication “The Sourcebook of Zip Code Demographics”, Sixteenth Edition. Where the affected community is included in more than one zip code area, an average will be used for the community’s median household income.

3. Consolidation

Any project that includes consolidation (ownership and management) of separate existing systems into a single system will receive consolidation points equal to 0.5 times the Benefit/Cost points assigned to the project. The purpose of assigning consolidation points is to promote reliability, efficiency and economy of scale that can be achieved with larger water systems while discouraging the proliferation of numerous separate small systems with their inherent inefficiencies and limitations.

Projects, in any priority category, that do not include consolidation will receive zero consolidation points in the final calculation of total priority points.

$$\text{Consolidation Points} = 0.5 \times (\text{Benefit/Cost Points})$$

4. Ranking Within Each Category

Within each category, projects will be ranked in order based on the total points assigned the project using the following formula:

$$\text{Total Priority Points} = (\text{Adjusted Benefit/Cost Points}) + (\text{Consolidation Points})$$

Projects receiving the most priority points will be given the highest ranking on the Priority List. In cases of ties in the number of priority points, projects with the lowest median household income will receive the highest ranking.

5. Small Community Set-Aside

Following completion of the ranking process, the Priority List will be reviewed to determine if at least 15% of funding for projects above the funding line is for public water systems which regularly serve fewer than 5,000 people. If this is not the case, the Priority List will be adjusted by exchanging the lowest ranking projects above the funding line that serve 5,000 or more with the highest ranking projects below the funding line that serve fewer than 5,000, until the 15% requirement is satisfied.

It is anticipated that approximately 20.7% of all available DWSIRLF funds will be awarded to small communities with populations of 5,000 or less in FY-2003.

Results To Date: Through the first six years of the DWSIRLF program (FY-97 thru FY-2002) the program is averaging 23.9% of all available funds being awarded to small communities (population less than 10,000). During this same six year period, 45.9% of all funds awarded went to small communities (population less than 10,000). In FY-2002 forty-four (44%) percent of all available DWSIRLF funds were awarded to small communities with populations less than 10,000.

D. **Priority System Deadlines**

1. By December 1, 2002, the loan applicant must submit the complete DWSIRLF facilities plan, prepared in accordance with the DWSIRLF loan program regulations, to the Department of Environmental Quality. A complete DWSIRLF facilities plan includes: all IGR agency comments; proof of publication of advertisement for public hearing; a transcript of the public hearing comments; copies of any comments received from the public; and, a summary of how each comment was addressed. The loan applicant should also submit one copy of the facilities plan to the Rural Utilities Service if the loan applicant has existing debt with Rural Utilities Service, along with a request for their approval to incur this additional debt.

Any significant changes made to the facilities plan (i.e., changes in the chosen alternative, location of the facility, cost increases that substantially affect the financial capability of the loan recipient, etc.) after this date will be considered a first submittal of the facilities plan. The loan applicant will then be considered to be in violation of the Priority System deadline and the project will be placed on the planning portion of the priority list, or if the change is made after adoption of the Intended Use Plan, funds reserved for this project may be released and made available to other projects.

2. By May 1, 2003, a completed DWSIRLF loan application and all associated documents as described in the DWSIRLF regulations must be submitted to the Department of Environmental Quality. Prior to beginning these documents the potential applicant and/or its registered engineer must request and receive a

DWSIRLF application and guidance, and should attend a pre-application conference with Department staff as early in the application process as practical.

3. By August 1, 2003, all approvable documents and responses to comments necessary for loan award must be submitted to the Department for its review and approval.

V. **FISCAL YEAR - 2003 Drinking Water Improvements SRF Project Detail Information**

| FY-2003 Projects | No. | Population of Service Area | Project Schedule | | | | Project Assistance | | | Initial Repay Date | Technical Information | | |
|--|---------|----------------------------------|------------------|------------|------------|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------|--|-----------------------------|---|
| | | | <u>BCD</u> | <u>CSD</u> | <u>CCD</u> | <u>Type Assist.</u> | <u>Assist. Amount</u> | <u>Interest Rate</u> | <u>Repay Period</u> | | <u>Project Category</u> ⁺ | <u>Priority Ranking</u> | <u>Cross-Cutter Equivalency Project</u> |
| Town of Flora | 2003-01 | 1,651 | 6/01/03 | 9/01/03 | 3/01/04 | Loan | \$ 0.08 M | 4.0 % | 20 yrs | 7/01/04 | 3 | 13,520.0 | Yes |
| City of Tupelo | 2003-02 | 34,211 | 6/01/03 | 9/01/03 | 7/01/04 | Loan | \$ 1.26 M | 4.0 % | 20 yrs | 10/01/04 | 3 | 4,800.0 | Yes |
| Adams County Water Assoc. | 2003-03 | 16,000 | 3/01/03 | 5/01/03 | 9/30/03 | Loan | \$ 0.98 M | 4.0 % | 20 yrs | 12/30/03 | 3 | 2,540.7 | Yes |
| Lewisburg Water Assoc. | 2003-04 | 2,843 | 4/01/03 | 6/01/03 | 12/01/03 | Loan | \$ 0.85 M | 4.0 % | 20 yrs | 4/01/04 | 3 | 1228.6 | Yes |
| Fisher Ferry Water Assoc. (Phase I of II) | 2003-05 | 7,000 | 9/30/03 | 3/01/04 | 3/01/04 | Loan | \$ 1.50 M | 4.0 % | 20 yrs | 6/01/04 | 3 | 1,074.7 | Yes |
| Dixie Community Utility Assoc. | 2003-06 | 5,180 | 6/01/03 | 3/15/04 | 12/15/04 | Loan | \$ 1.49 M | 4.0 % | 20 yrs | 3/15/05 | 3 | 986.7 | Yes |
| Town of North Carrollton | 2003-07 | 2,738 | 4/01/03 | 6/01/03 | 12/01/03 | Loan | \$ 1.50 M | 4.0 % | 20 yrs | 4/01/04 | 3 | 431.2 | Yes |
| Mt Comfort Water Assoc. | 2003-08 | 3,819 | 9/30/03 | 3/01/04 | 12/01/04 | Loan | \$ 0.45 M | 4.0 % | 20 Yrs | 3/01/05 | 3 | 295.0 | Yes |
| City of Southaven | 2003-09 | 27,077 | 9/30/03 | 3/01/03 | 3/01/04 | Loan | \$ 1.50 M | 4.0 % | 20 yrs | 6/01/04 | 4 | 1,668.7 | Yes |
| Walls Water Assoc. | 2003-10 | 8,647 | 5/15/03 | 8/01/03 | 2/01/04 | Loan | \$ 1.26 M | 4.0 % | 20 yrs | 6/01/04 | 4 | 1,527.8 | Yes |
| City of Starkville – Phase I of II | 2003-11 | 21,869 | 6/01/03 | 9/01/03 | 7/01/04 | Loan | \$ 1.42 M | 4.0 % | 20 yrs | 10/01/04 | 5 | 6,750.0 | Yes |
| Bear Creek Water Assoc. Part I of II | 2003-12 | 25,000 | 9/01/03 | 1/01/04 | 11/01/04 | Loan | \$ 1.50 M | 4.0 % | 20 yrs | 2/01/05 | 5 | 4,666.7 | Yes |
| Highway 28 Water Assoc. | 2003-13 | 1,850 | 8/01/03 | 11/01/03 | 7/01/04 | Loan | \$ 0.24 M | 4.0 % | 20 yrs | 10/01/04 | 5 | 2,415.4 | Yes |
| City of Morton | 2003-14 | 5,390 | 9/30/03 | 3/01/04 | 12/01/04 | Loan | \$ 1.06 M | 4.0% | 20 yrs | 3/01/05 | 5 | 2,100.0 | Yes |

FUNDING LINE

FISCAL YEAR - 2003 Drinking Water Improvements SRF Project Detail Information – Cont.

| FY-2003 Projects | No. | Population of Service Area | Project Schedule | | | | Project Assistance | | | Technical Information | | | |
|--|---------|----------------------------------|------------------|---------|----------|-----------------|------------------------|------------------|-----------------|--------------------------|----------------------------------|---------------------|--|
| | | | BCD | CSD | CCD | Type Assist. | Assist. Amount | Interest Rate | Repay Period | Initial Repay Date | Project Category ⁺ | Priority Ranking | Cross-Cutter Equivalency Project |
| City of Olive Branch | 2003-15 | 25,659 | 6/01/03 | 9/15/03 | 6/15/04 | Loan | \$ 1.22 M | 4.0 % | 20 yrs | 9/15/04 | 5 | 1,103.3 | Yes |
| Town of Hatley | 2003-16 | 1,800 | 6/01/03 | 9/01/03 | 6/01/04 | Loan | \$ 1.00 M | 4.0 % | 20 yrs | 8/01/04 | 5 | 679.7 | Yes |
| City of Laurel | 2003-17 | 18,393 | 5/01/03 | 4/01/04 | 4/01/05 | Loan | \$ 1.38 M | 4.0% | 20 yrs | 10/01/05 | 6 | 6,600.6 | Yes |
| City of Oxford | 2003-18 | 12,490 | 9/30/03 | 3/1/03 | 3/1/04 | Loan | \$ 1.50 M | 4.0 % | 20 yrs | 6/01/04 | 6 | 6,339.0 | Yes |
| City of Clinton | 2003-19 | 26,000 | 9/30/03 | 3/01/04 | 12/01/04 | Loan | \$ 1.50 M | 4.0 % | 20 yrs | 3/01/05 | 6 | 4,766.7 | Yes |
| City of Hernando | 2003-20 | 6,800 | 9/30/03 | 3/01/03 | 3/01/04 | Loan | \$ 0.55 M | 4.0 % | 20 yrs | 6/01/04 | 6 | 4,209.1 | Yes |
| Lawrence County Water Assoc. | 2003-21 | 2,625 | 6/01/03 | 9/01/03 | 4/01/04 | Loan | \$ 0.32 M | 4.0 % | 20 yrs | 7/01/04 | 6 | 2,355.6 | Yes |
| City of Brandon Phase I of III | 2003-22 | 19,700 | 7/01/03 | 4/01/04 | 4/01/05 | Loan | \$ 1.50 M | 4.0 % | 20 yrs | 9/01/05 | 6 | 2,200.0 | Yes |
| Hilldale Water Assoc. | 2003-23 | 5,031 | 9/30/03 | 3/01/04 | 12/01/04 | Loan | \$ 1.30 M | 4.0 % | 20 yrs | 3/01/05 | 6 | 1,290.0 | Yes |
| Corinth Utility Comm. | 2003-24 | 18,000 | 5/01/03 | 6/01/04 | 6/01/05 | Loan | \$ 1.32 M | 4.0 % | 20 yrs | 11/01/05 | 6 | 1,181.9 | Yes |
| City of Pearl | 2003-25 | 20,600 | 8/01/03 | 3/01/04 | 12/01/04 | Loan | \$ 1.50 M | 4.0 % | 20 yrs | 4/01/05 | 6 | 560.0 | Yes |
| City of Long Beach | 2003-26 | 20,000 | 6/01/03 | 2/01/04 | 8/01/04 | Loan | \$ 0.65 M | 4.0 % | 20 yrs | 1/01/05 | 6 | 330.8 | Yes |
| State Program Mgmt. | 2003-27 | N/A | N/A | N/A | N/A | Grant | \$ 0.80 M [†] | N/A | N/A | N/A | N/A | N/A | Yes |
| Small System Technical Assistance Set-aside | 2003-29 | N/A | N/A | N/A | N/A | Grant | \$ 0.16 M [†] | N/A | N/A | N/A | N/A | N/A | Yes |
| Well Head Protection Program | 2003-30 | N/A | N/A | NA/ | NA/ | Grant | \$ 0.40 M [†] | N/A | N/A | NA/ | NA/ | NA/ | Yes |
| Totals | | | | | | | \$30.19 M | | | | | | |

FISCAL YEAR - 2003 Drinking Water Improvements SRF Project Detail Information – Cont.

Notes:

- All of the above loan projects will require an environmental review in accordance with the State DWSIRLF regulations.
- These loan amounts include a 5% administrative fee charged to all FY-2003 loan recipients.
- + = Project categories are defined in the Priority System on page 21 of this Intended Use Plan.
- * BCD = Binding Commitment Date
- * CSD = Construction Start Date
- * CCD = Construction Completion Date
- + = The funds for these grants were set-aside from the FY-03 Capitalization grant before funds were made available for new loan awards.

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VI. FY-2003 Assumed Available Funds

A. Mississippi DWSRF Allotment

These funds breakdowns are shown in Appendix A. Should more or less than these assumed appropriations be made, the Board will fund projects in accordance with Section A.1. of the Priority System.

B. State Match Funds

The State received its 20% state match from the sale of General Obligation Bonds authorized by the state legislature during the Spring 1995 Legislative Session. The Legislature passed House Bill No. 209 to establish a Local Governments and Rural Water Systems Improvements Revolving Loan Program and authorized the sale of \$15,000,000 in General Obligation Bonds to be deposited into the Loan Fund. One of the purposes stated in the law for these funds is that, "All or any portion of the monies in the fund may be used to match any federal funds that are available for the same or related purposes for which funds are used and expended under this act." \$10,000,000 of these General Obligation bonds were sold in May of 1997 and were deposited into the DWSIRLF fund on May 29, 1997. \$5,000,000 of these General Obligation bonds were sold and deposited into the DWSIRLF fund on October 5, 2000. \$3,294,840 was used as state match for the FY-97 Cap grant, \$1,654,340 was used as match for the FY-98 Cap grant, \$1,733,900 was used as match for the FY-99 Cap grant, \$1,802,020 was used as match for the FY-2000 Cap grant, \$1,809,480 was used as match for the FY-2001 cap grant, \$1,610,500 was used as match for the FY-2002 cap grant, and \$1,600,820 will be used as match for the FY-2003 cap grant, which leaves \$1,494,100 in excess state match in the fund.

C. Loan Increase Reserve

Beginning in FY-03 the Board will begin to make loan awards after approval of the facilities plans and loan application rather than after completion of design. This change in the loan award sequence increases the likelihood that bid overruns may be greater than the 10% construction contingency included in the loan agreement. In order to provide needed loan increases to existing loans, the Board intends to set aside \$691,235 in FY-2003 for such loan increases. Once all previous year project's contracts have been awarded, any money remaining in this reserve fund will be used to ensure that all projects above the funding line, meeting priority system deadlines, are funded for at least the amount shown on the priority list, then to increase project amounts shown for funding in the current fiscal year, or to fund other loan increases. Any funds not obligated for these purposes by the end of the fiscal year may be made available for new loan awards ready to proceed on a first-come, first-served basis.

D. Status of Prior Year Grant Awards

All funds from previous year grant awards are either spent or obligated at the present time.

VII. DWSIRLF Financial Planning Process

In accordance with the Board's desire to maintain a financially sound DWSIRLF loan fund in perpetuity, while at the same time meeting a substantial portion of the drinking water needs in the State within a reasonable period of time, the following financial decisions were made regarding the fund. The Board intends that the Department of Health apply for the entire State allotment under the federal Drinking Water SRF, including the set-asides described in Section VIII. below. The Board has deposited the proceeds from the sale of \$15 million in general obligation bonds into the DWSIRLF fund to be "banked" as State Match for federal DWSRF capitalization grants, and has made this entire amount immediately available for DWSIRLF loans. It is the Board's intention to adjust interest rates such that the demand will eventually equal the funds available. The Board intends to set the interest rate for all loans made during FY-2003 at 4.0%.

In order to insure that this interest rate is below the prevailing market rates at the time a loan is made, this rate will be compared to the twenty year triple-A rated, tax-exempt insured revenue bond yield published by The Bond Market Association/Bloomberg (Bloomberg Online, <http://www.bloomberg.com/markets/psamuni.html>).

Investment Procedures for Excess Cash - According to the State Treasurer, the excess cash in the DWSIRLF is invested by the State Treasurer in securities prescribed in Section 27-105-33, et. Seq., of the Mississippi Code of 1972 Annotated, as amended. The securities in which State funds may be invested include certificates of deposit with qualified State depositories, repurchase agreements (fully secured by direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations), direct United States Treasury obligations, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations, and any other open-ended or closed-ended management type investment company or investment trust registered under the provisions of 15 U.S.C. Section 80(a)-1 et.seq, provided that the portfolio is limited to direct obligations issued by the United States of America, United States Government agency obligations, United States Government instrumentalities or United States Government sponsored enterprise obligations and to repurchase agreements fully collateralized by the securities listed above for repurchase agreements.

VIII. State Set-asides

No funds shall be expended from the monies proposed to be set aside without a vote by the Board and approval of any applicable contracts for the purposes stated below.

Requests for payments from these funds must be submitted to the Board for its review and approval before funds will be released.

Section 1452 of the Safe Drinking Water Act Amendments of 1996 allows the State to set-aside portions of the federal Capitalization Grant to the State for various purposes. The Board took each of these set-asides under consideration and took the following actions regarding set-asides:

1. DWSIRLF Administrative Expenses – At this time the Board does not intend to set aside any funds from its FY-2003 Capitalization Grant for DWSIRLF Administrative Expenses to cover the cost of administering the DWSIRLF program . The Board does reserve the right to set aside the allowed 4% administrative reserve at a later date.
2. State Program Management – The Board intends to set aside, for State Program Management, \$796,000 of the State’s FY-2003 Capitalization Grant as authorized by Section 1452(g)(2) of the Safe Drinking Water Act of 1996 to be used for Public Water System Supervision (PWSS) activities conducted under Section 1443(a) of the act, and for source water protection programs. These activities are described in more detail in the State of Mississippi State Program Management Set Aside Annual Work Plan included as Appendix E to this Intended Use Plan. The State must provide a dollar for dollar match (100% match) for Capitalization Grant funds used for these activities. This match is separate, and in addition to, the twenty (20%) percent State match required for the Capitalization Grant. The State is allowed to offset the 100% match requirement by claiming credit for State FY-2003 PWSS expenditures that exceed the State’s FY-2003 PWSS match requirement. The State is further allowed to use State FY-93 PWSS expenditures to offset the 100% match requirement as long as this amount does not exceed the amount that can be claimed from FY-2003 State expenditures. A tabulation showing amount and source of funds to satisfy match requirements for the FY-2003 State Program Management set aside is furnished as Appendix G to this Intended Use Plan.
3. Small Systems Technical Assistance - The Board intends to set aside two (2%) percent of its FY-2003 Capitalization Grant to provide technical assistance to public water systems serving under 10,000 population. The Board intends to use this two (2%) percent set-aside to fund contracts for the following activities: Special Assistance to Referred Systems; Management Training for Water System Officials; On-Site Technical Assistance and Volunteer System Review Program; and Remedial Accounting Training. Each of these activities are described in detail in the State of Mississippi Small Systems Technical Assistance Set-Aside Work Plan included as Appendix D to this Intended Use Plan.
4. Local Assistance and Other State Programs - The Board intends to set aside \$404,000 from its FY-2003 Capitalization Grant to support the establishment and implementation of a wellhead protection program. These activities are described

in more detail in the State of Mississippi Wellhead Protection Set-Aside Work Plan included as Appendix F to this Intended Use Plan.

5. Source Water Protection Area Delineation & Assessment – No new funds are available in the FY-2003 Capitalization grant for this set aside. The Board did however, set aside 10% of the FY-97 Capitalization grant for the Sources Water Delineation & Assessment program. The Board contracted with the Mississippi Department of Environmental Quality (MDEQ) to assist in developing the Source Water Assessment Program (SWAP). The SWAP efforts initially focused on developing an effective approach to address the mandates of the new program including the required public participation component.

During FY-00, MDEQ focused its efforts on achieving two principal objectives: (1) obtaining approval of the State SWAP plan, and (2) completing the assessments for the public water systems in ten counties. MDEQ received final EPA approval on the State SWAP plan in November 1999. Since that time, steady progress has been made in implementing SWAP throughout the state. Specific SWAP-related accomplishments realized during FY-02 include the following:

- (1) Thus far SWAPs have been completed for the community water systems in fifty-three (53) counties and the assessment reports and maps have been mailed out to the systems.
- (2) SWAP work has been initiated for the community water systems in the remaining twenty-nine (29) counties: Adams; Calhoun; Chickasaw; Claiborne; Clay; Copiah; DeSoto; Grenada; Itawamba; Jasper; Jefferson; Kemper; Lafayette; Lauderdale; Lee; Lowndes; Marshall; Monroe; Montgomery; Newton; Noxubee; Oktibbeha; Pearl River; Pike; Pontotoc; Tishomingo; Union; Winston; and Yalobusha.
- (3) Staff has worked with the Office of Land and Water Resources to include a new provision in the proposed *Surface Water and Ground Water Use and Protection Regulations* to require a preliminary susceptibility assessment be performed prior to permit issuance for public water system wells.
- (4) MDEQ (contractor) signed a contract with Virtual Engineering Solutions last summer for the design of a new SWAP database.
- (5) Staff continues to have discussions with the Tennessee Valley Authority (TVA) regarding the interpretation of low altitude photos taken last year and their use to address the assessments of the three (3) public surface water systems in the State.

6. Disadvantaged Communities Set-aside - The Board does not intend to implement a disadvantaged communities program at the present time.

IX. Proposed Payment (Federal Letter of Credit {LOC}) Schedule For FY-2003 Cap. Grant:

| <u>Payment (LOC) Number</u> | <u>Payment (LOC) Date</u> | <u>Payment (LOC) Amount</u> | <u>Cumulative (LOC) Amount</u> |
|-------------------------------------|-----------------------------------|-------------------------------------|--|
| FY-2003 No. 1 of 4 | 3Q FY-2003 | \$ 1,980,000 | \$ 1,980,000 |
| FY-2003 No. 2 of 4 | 4Q FY-2003 | \$ 2,490,082 | \$ 4,470,082 |
| FY-2003 No. 3 of 4 | 1Q FY-2004 | \$ 1,920,000 | \$ 6,390,082 |
| FY-2003 No. 4 of 4 | 2Q FY-2004 | \$ 1,614,018 | \$ 8,004,100 |

X. Projected Schedule of Drawdowns Against Federal Letter of Credit for FY-2002 Cap. Grant (Outlays): (See Appendix B)

| <u>Outlay Quarter</u> | <u>Federal Outlay Amount</u> | <u>Cumulative Outlay Amount</u> |
|---------------------------|----------------------------------|-------------------------------------|
| 4Q FY-2003 | \$ 1,980,000 | \$ 1,980,000 |
| 1Q FY-2004 | \$ 2,490,082 | \$ 4,470,082 |
| 2Q FY-2004 | \$ 1,920,000 | \$ 6,390,082 |
| 3Q FY-2004 | \$ 1,614,018 | \$ 8,004,100 |

XI. Certifications

In addition to the nine (9) assurances included below, the State acknowledges that there are six (6) additional assurances that the State has agreed to in either the Operating Agreement between the State and EPA Region IV or the annual capitalization grants. These two documents are hereby incorporated into this IUP by reference

1. The State certifies that all drinking water facility projects in this Intended Use Plan identified in Section IV as being subject to the federal cross-cutting requirements are or will be in compliance with all such requirements prior to the State entering into an assistance agreement with the recipient.
2. The State certifies that it will make an annual or biennial report to the Regional Administrator on the actual uses of the funds and how the State has met the goals

and objectives for the previous two fiscal years as identified in the IUP's; and to annually have conducted an independent audit of the funds to be conducted in accordance with generally accepted government accounting standards.

3. The State certifies that this Intended Use Plan has been subjected to public review and comment prior to final submission to EPA. The State certifies that it will follow the "Mississippi Administrative Procedures Law" in seeking public review and comments on this Intended Use Plan. A copy of the "Mississippi Administrative Procedures Law" is included as Appendix C to this Intended Use Plan.

A public hearing was held on Monday, February 10, 2003 to receive written and oral comments on this Intended Use Plan. A transcript of the public hearing recording the comments and recommended solutions will be submitted to EPA along with the Final Intended Use Plan. If anyone would like to receive a copy of the public hearing transcript they should contact Chan Burns at (601) 576-7518 to request copies.

4. The State certifies that all drinking water facility projects in this Intended Use Plan are on the project Priority List developed pursuant to the requirements of Section 1452(b)(3)(B), SDWA.
5. The State certifies that it will enter into binding commitments for 120% of the amount of each payment (LOC) under the capitalization grant within one year after receipt of each payment (LOC).
6. The State certifies that it will commit and expend all DWSIRLF Fund monies as efficiently as possible, and to disburse the funds in a timely and expeditious manner.
7. The State certifies that it will conduct environmental reviews on all DWSIRLF cross-cutter equivalency projects in accordance with the State environmental review process.
8. The State certifies that prior to adding any new projects to the FY-2004 and After Planning List for the purpose of funding such a project during FY-2003, that the State will follow the "Mississippi Administrative Procedures Law" in amending this Intended Use Plan in order to allow for public review and comments
9. The State certifies that it has developed and implemented a capacity development strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity as required in Section 1420(c) of the 1996 Amendments to the Safe Drinking Water Act. This capacity development program is currently approved by EPA.

10. The State certifies the State's Operator Certification Program is currently approved by EPA.

Appendix A

State of Mississippi DWSIRLF Program
FY-2003 Assumed Available Funds

The following breakdown of funds is based on the FY-2003 appropriation of \$850 million after applying the 0.65% rescission, that the National Set-Aside Assumptions will remain the same and a State allotment formula of 1.0% for the Drinking Water SRF in federal FY-2003.

| | |
|--|----------------|
| <u>FY-2003 National Title I DWSRF Appropriation</u> | \$ 844,475,000 |
| (=) Mississippi Allotment [section 1452(m)] | \$ 8,004,100 |
| (-) DWSRF Administrative Expenses [section 1452(g)(2) - 4%] | \$ 0 |
| (-) State Program Management [section 1452(g)(2)] | \$ 796,000 |
| (-) Small Systems Technical Assistance [section 1452(g)(2) - 2%] | \$ 160,082 |
| (-) Local Assistance & Other State Programs | \$ 404,000 |
| (+/-) Receipt or Transfer of Funds to Clean Water SRF Loan Fund (Section 302) | \$ 0 |
| (=) Total FY-03 Federal Funds Available for DWSIRLF Loans | \$ 6,644,018 |
| (+) FY-03 State Match Required (20% of Mississippi Allotment) ¹ | \$ 1,600,820 |
| (=) Total FY-03 Federal + Required State Match Funds | \$ 8,244,838 |
| (+) FY-02 Funds Carried Over to FY-03 ² (Not including the \$1,600,820 in FY-03 State Match shown above) | \$ 537,667 |
| (+) Unexpended Source Water Protection Area Delineation & Assessment Set-Aside Funds From the FY-97 IUP | \$ 599,964 |
| (+) Anticipated SRF Loan Repayments during FY-03 | \$ 3,524,105 |
| (+/-) Net Amendments Processed from (10/01/02 – 02/05/03) | \$ 699,081 |
| (+) Anticipated Interest Earnings on State Match during FY-03 | \$ 300,000 |
| (-) Loan Increase Reserve ³ | \$ 691,235 |
| (=) Total FY-03 Funds Available for New Loan Awards | \$ 13,214,420 |
| (+) Additional Funds Anticipated From Released Funds, Decreases, or FY-04 Funds | \$ 1,875,580 |
| (-) Total FY-03 Funds Needed For Projects | \$ 28,830,000 |
| (=) FY-03 Funds Needed In Excess of Available Funds | \$ 13,740,000 |

¹ During the Spring '95 Legislative Session, the Legislature passed House Bill No. 209 to establish a Local Governments and Rural Water Systems Improvements Revolving Loan Program and authorized the sale of \$15,000,000 in General Obligation Bonds to be deposited into the Loan Fund. One of the purposes stated in the law for these funds is that, "All or any portion of the monies in the fund may be used to match any federal funds that are available for the same or related purposes for which funds are used and expended under this act." \$10,000,000 of these General Obligation bonds were sold in May of 1997 and were deposited into the DWSIRLF fund on May 29, 1997. \$5,000,000 of these General Obligation bonds were sold and deposited into the DWSIRLF fund on October 5, 2000. \$3,294,840 was used as state match for the FY-97 Cap grant, \$1,654,340 was used as match for the FY-98 Cap grant, \$1,733,900 was used as match for the FY-99 Cap grant, \$1,802,020 was used as match for the FY-2000 Cap grant,

\$1,809,480 was used as match for the FY-2001 cap grant, \$1,610,500 was used as match for the FY-2002 cap grant, and \$1,600,820 will be used as match for the FY-2003 cap grant, which leaves \$1,494,100 in excess state match in the fund.

² See page 40

³ See Section VI.C on page 31 of this IUP. The Board has already obligated \$478,897 to future loan increases already in house.

November 4, 2002

State of Mississippi DWSIRLF Program
FY-2002 End of Year Funds Report

The following breakdown of funds is based on the actual appropriation of \$850 million, That the National Set-Aside Assumptions will remain the same and a State allotment formula of 1.0% for the Drinking Water SRF in federal FY-2002.

| | |
|---|-----------------|
| <u>FY-2002 National Title I DWSRF Appropriation</u> | \$ 850,000,000 |
| (=) Mississippi Allotment [section 1452(m)] | \$ 8,052,500 |
| (-) DWSRF Administrative Expenses [section 1452(g)(2) - 4%] | \$ 322,100 |
| (-) State Program Management [section 1452(g)(2)] | \$ 400,000 |
| (-) Small Systems Technical Assistance [section 1452(g)(2) - 2%] | \$ 161,050 |
| (-) Local Assistance & Other State Programs | \$ 0 |
| (+/-) Receipt or Transfer of Funds to Clean Water SRF Loan Fund (Section 302) | \$ 0 |
| (=) Total FY-2002 Federal Funds Available for DWSIRLF Loans | \$ 7,169,350 |
| (+) FY-2002 State Match Required (20% of Mississippi Allotment) ¹ | \$ 1,610,500 |
| (=) Total FY-2002 Federal + Required State Match Funds | \$ 8,779,850 |
| (+) FY-2001 Funds Carried Over to FY-2002 (Not including the \$1,610,500 in FY-2001 State Match shown above) | \$ 7,037,383 |
| (+) Early Repayment of DWI-H280029-01 | \$ 867,074 |
| (+) Early Repayment of DWI-H280029-02 | \$ 783,606 |
| (+) DSIRLF Loan Repayments Deposited (10/01/01 – 9/30/02) | \$ 3,856,510 |
| (+) Interest on Fund Deposited (10/01/01 – 9/30/02) | \$ 450,125 |
| (+/-) Net Amendments Processed from (10/01/01 – 9/30/02) | \$ 3,013,154 |
| (=) Total FY-2002 Funds Available for New Loan Awards | + \$ 24,787,702 |
| (-) Total FY-2002 Funds Needed For Projects | \$ 20,820,563 |
| (=) FY-2002 Funds Carried Over to FY-2003 | \$ 3,967,139 |

¹ During the Spring '95 Legislative Session, the Legislature passed House Bill No. 209 to establish a Local Governments and Rural Water Systems Improvements Revolving Loan Program and authorized the sale of \$15,000,000 in General Obligation Bonds to be deposited into the Loan Fund. One of the purposes stated in the law for these funds is that, "All or any portion of the monies in the fund may be used to match any federal funds that are available for the same or related purposes for which funds are used and expended under this act." \$10,000,000 of these General Obligation bonds were sold in May of 1997 and were deposited into the DWSIRLF fund on May 29, 1997. \$5,000,000 of these General Obligation bonds were sold in October of 2000 and were deposited into the DWSIRLF fund on October 5, 2000. \$3,294,840 will be used as state match for FY-97 Cap grant, \$1,654,340 will be used as match for the FY-98 Cap grant, \$1,733,900 will be used as match for the FY-99 Cap grant, \$1,802,020 was used as match for the FY-2000 Cap grant, and \$1,809,480 will be used as match for the FY-2001 Cap Grant which leaves \$4,705,420 in excess state match in the fund.

Appendix B
I. Projected Schedule of Outlays for Projects (\$ Millions)

| Projects | 2Q FY-03 | 3Q FY-03 | 4Q FY-03 | 1Q FY-04 | 2Q FY-04 | 3Q FY-04 | 4Q FY-04 | 1Q FY-05 | 2Q FY-05 | 3Q FY-05 | 4Q FY-05 | Totals In \$ Mil |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------|
| Town of Flora | \$0.00 | \$0.01 | \$0.02 | \$0.02 | \$0.02 | \$0.01 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 0.08 M |
| City of Tupelo | \$0.00 | \$0.06 | \$0.10 | \$0.30 | \$0.30 | \$0.30 | \$0.20 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 1.26 M |
| Adams County Water Assoc. | \$0.07 | \$0.20 | \$0.53 | \$0.18 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 0.98 M |
| Lewisburg Water Assoc. | \$0.00 | \$0.20 | \$0.20 | \$0.25 | \$0.20 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 0.85 M |
| Fisher Ferry Water Assoc. (Phase I of II) | \$0.00 | \$0.00 | \$0.00 | \$0.14 | \$0.05 | \$0.33 | \$0.33 | \$0.33 | \$0.32 | \$0.00 | \$0.00 | \$ 1.50 M |
| Dixie Community Utility Assoc. | \$0.00 | \$0.12 | \$0.00 | \$0.05 | \$0.10 | \$0.37 | \$0.37 | \$0.37 | \$0.11 | \$0.00 | \$0.00 | \$ 1.49 M |
| Town of North Carrollton | \$0.00 | \$0.19 | \$0.56 | \$0.56 | \$0.19 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 1.50 M |
| Mt. Comfort Water Assoc. | \$0.00 | \$0.00 | \$0.00 | \$0.04 | \$0.02 | \$0.13 | \$0.13 | \$0.13 | \$0.00 | \$0.00 | \$0.00 | \$ 0.45 M |
| City of Southaven | \$0.00 | \$0.00 | \$0.00 | \$0.15 | \$0.00 | \$0.34 | \$0.34 | \$0.34 | \$0.33 | \$0.00 | \$0.00 | \$ 1.50 M |
| Walls Water Assoc. | \$0.00 | \$0.21 | \$0.31 | \$0.31 | \$0.31 | \$0.12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 1.26 M |
| City of Starkville Phase I of II | \$0.00 | \$0.03 | \$0.06 | \$0.35 | \$0.35 | \$0.30 | \$0.33 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 1.42 M |
| Bear Creek Water Assoc. (Phase I of IV) | \$0.00 | \$0.00 | \$0.00 | \$0.15 | \$0.39 | \$0.39 | \$0.39 | \$0.18 | \$0.00 | \$0.00 | \$0.00 | \$ 1.50 M |
| Highway 28 Water Assoc. | \$0.00 | \$0.00 | \$0.01 | \$0.06 | \$0.06 | \$0.06 | \$0.05 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 0.24 M |
| City of Morton | \$0.00 | \$0.00 | \$0.00 | \$0.09 | \$0.04 | \$0.31 | \$0.31 | \$0.31 | \$0.00 | \$0.00 | \$0.00 | \$ 1.06 M |

Appendix B
I. Projected Schedule of Outlays for Projects (\$ Millions) – Cont.

| Projects | 2Q FY-03 | 3Q FY-03 | 4Q FY-03 | 1Q FY-04 | 2Q FY-04 | 3Q FY-04 | 4Q FY-04 | 1Q FY-05 | 2Q FY-05 | 3Q FY-05 | 4Q FY-05 | Totals In \$ Mil |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------|
| Totals | \$0.07 | \$1.02 | \$1.79 | \$2.65 | \$2.03 | \$2.66 | \$2.45 | \$1.66 | \$0.76 | \$0.00 | \$0.00 | \$15.09 M |
| State Match (10.60%) | \$0.00 | \$0.00 | \$0.35 | \$0.51 | \$0.39 | \$0.35 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 1.60 M |
| Federal FY-2003 Cap. Grant (44.00%) | \$0.00 | \$0.00 | \$1.44 | \$2.14 | \$1.64 | \$1.42 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$ 6.64 M |
| Other (45.40%)* | \$0.07 | \$1.02 | \$0.00 | \$0.00 | \$0.00 | \$0.89 | \$2.45 | \$1.66 | \$0.76 | \$0.00 | \$0.00 | \$ 6.85 M |

* Other funds include DWSIRLF Bond proceeds, DWSIRLF Loan Repayments, and moneys recovered from loan amendments.

Appendix B
II. Projected Schedule of Outlays
for Set Asides (\$ Millions)

| Federal Set-Asides | 3Q FY-2003 | 4Q FY-2003 | 1Q FY-2004 | 2Q FY-2004 | 3Q FY-2004 | 4Q FY-2004 | 1Q FY-2005 | Totals |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------|
| Program Administration | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| State Program Mgmt | \$0.00 | \$0.29 | \$0.20 | \$0.20 | \$0.11 | \$0.00 | \$0.00 | \$0.80 |
| Small System Technical Assistance Set-aside | \$0.00 | \$0.09 | \$0.07 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.16 |
| Well Head Protection Program Set-aside | \$0.00 | \$0.16 | \$0.08 | \$0.08 | \$0.08 | \$0.00 | \$0.00 | \$0.40 |
| Total Set-Asides | \$0.00 | \$0.54 | \$0.35 | \$0.28 | \$0.19 | \$0.00 | \$0.00 | \$1.36 |

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Appendix C

Mississippi Administrative Procedures Law

CHAPTER 43

Administrative Procedures

Sec.

- 25-43-1. Short title.
- 25-43-3. Definitions.
- 25-43-5. Agency adoption of rules describing its organization and rules of practice; public inspection of agency rules, orders and decisions.
- 25-43-6. Economic impact statement, requirement and conditions.
- 25-43-7. Notice of proposed agency adoption, amendment or repeal of rules; emergency rules.
- 25-43-9. Filing of agency rules in office of secretary of state; effective date of rules.
- 25-43-11. Compilation and indexing of rules.
- 25-43-13. Notice of intended revocation, suspension, annulment or withdrawal of license; emergency suspension of license.
- 25-43-15. Application of conflicting statutory provisions governing agency procedures in contested cases.
- 25-43-17. Opponents of proposed rules to have opportunity to present their views and to review adverse rulings.
- 25-43-19. Proceedings to which chapter applicable.

§ 25-43-1. Short title.

This chapter shall be known and may be cited as the “Mississippi Administrative Procedures Law.”

SOURCES: Laws, 1976, ch. 487, § 1, eff from and after January 1, 1977.

§ 25-43-3. Definitions.

As used in this chapter:

- (a) “Agency” means each state board, commission, department or officer, other than the Legislature, the Governor and the courts, authorized by law to make rules or to determine contested cases.
- (b) “Contested case” means a proceeding, including but not restricted to rate-making, price-fixing and licensing in which the legal rights, duties or privileges of a part are required by law to be determined by an agency after an opportunity for a hearing, other than disciplinary proceedings or agency action involving only employees of an agency.

- (c) “Economic impact statement” means the statement required pursuant to Section 25-43-6 and which estimates the costs of implementation and enforcement of a rule.
- (d) “License” includes the whole or part of an agency permit, certificate, approval, registration, charter or similar form of permission required by law, but it does not include a license required solely for revenue purposes, and does not include any order, permit or license issued, granted, revoked, suspended, annulled or withdrawn by any state agency in compliance with statutory procedures or in compliance with published rules and regulations adopted by such agency under statutory authority.
- (e) “Licensing” includes the agency process respecting the grant, denial, renewal, revocation, suspension, annulment, withdrawal or amendment of a license.
- (f) “Person” means any individual, partnership, corporation, association, governmental subdivision or public or private organization of any character other than an agency.
- (g) “Rule” means each agency statement of general applicability that implements, interprets, or prescribes law or policy or describes the organization, procedure or practice requirements of any agency. The term includes the amendment or repeal of a prior rule but does not include (i) statements concerning only the internal management of an agency and not affecting private rights or procedures available to the public; or (ii) declaratory rulings issued pursuant to section 25-43-17; or (iii) intra-agency memoranda.

Sources: Laws, 1976, ch. 487, § 2, Laws, 1995, ch. 499, § 2, eff from and after passage (approved March 28, 1995).

§ 25-43-5. Agency adoption of rules describing its organization and rules of practice; public inspection of agency rules, orders and decisions.

- (1) In addition to other rule-making authority and requirements imposed by law, each agency shall:
 - (a) Adopt as a rule a description of its organization, stating the general course and method of its operations and the methods whereby the public may obtain information or make submissions or requests.
 - (b) Adopt rules of practice setting forth the nature and requirements of all formal and informal procedures available, including all requirements respecting the filing of applications for any license and the licensing procedure employed by the agency and the method whereby persons desiring notice of pending applications may obtain such notice and request an opportunity to be heard.
 - (c) Allow public inspection of all rules and other written statements of policy or interpretations formulated, adopted or used by the agency in the discharge of its functions.
 - (d) Allow public inspection of all final orders, decisions and opinions.

- (2) No agency rule, order or decision is valid or effective against any person or party, nor may it be invoked by the agency for any purpose, until it has been made available for public inspection as herein required. This provision is not applicable in favor of any person or party who has actual knowledge thereof.

Sources: Laws, 1976, ch. 487, § 3, eff from and after January 1, 1977.

§ 25-43-6. Economic impact statement, requirement and conditions.

- (1) Prior to giving the notice required in Section 25-43-7, each agency proposing the adoption of a rule or significant amendment of an existing rule imposing a duty, responsibility or requirement on any person shall consider the economic impact the rule will have on the citizens of our state and the benefits the rule will cause to accrue to those citizens. For the purpose of this section, a “significant amendment” means any amendment to a rule for which the total aggregate cost to all persons required to comply with that rule exceeds One Hundred Thousand Dollars (\$100,000.00).
- (2) Each agency shall prepare a written report providing an economic impact statement for the adoption of a rule or significant amendment to an existing rule imposing a duty, responsibility or requirement on any person, except as provided in subsection (4) of this section. The economic impact statement shall include the following:
- (a) A description of the need for and the benefits which will likely accrue as the result of the proposed action;
 - (b) An estimate of the cost to the agency, and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state and local revenues.
 - (c) An estimate of the cost or economic benefit to all persons directly affected by the proposed action;
 - (d) An analysis of the impact of the rule on small business;
 - (e) A comparison of the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule;
 - (f) A determination of whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law;
 - (g) A description of reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency and a statement of reasons for rejecting those alternatives in favor of the proposed rule; and
 - (h) A detailed statement of the data and methodology used in making estimates required by this subsection.

- (3) No rule or regulation shall be declared invalid based on a challenge to the economic impact statement for the rule unless the issue is raised in administrative proceedings before the agency. No person shall have standing to challenge a rule, based upon the economic impact statement or lack thereof, unless that person provided the agency with information sufficient to make the agency aware of specific concerns regarding the statement in a public meeting or hearing held by the agency or in written comments regarding the rule. The grounds for invalidation of an agency action, based upon the economic impact statement, are limited to the agency's failure to adhere to the procedure for preparation of the economic impact statement as provided in this section, or the agency's failure to consider information submitted to the agency regarding specific concerns about the statement, if that failure substantially impairs the fairness of the rule-making proceeding.
- (4) This section does not apply to the adoption or significant amendment of:
- (a) Any rule which is required by the federal government pursuant to a state/federal program delegation agreement or contract;
 - (b) Any rule which is expressly required by state law;
 - (c) An emergency rule adopted pursuant to Section 25-43-7(2); and
 - (d) Any rule for which the notice required in Section 25-43-7 has been given prior to the effective date of this act [Laws, 1995, ch. 499, eff March 28, 1995].

SOURCES: Laws, 1995, ch. 499, § 1, eff from and after passage (approved March 28, 1995).

§ 25-43-7. Notice of proposed agency adoption, amendment or repeal of rules; emergency rules.

- (1) Prior to the adoption, amendment or repeal of any rule, the agency shall give at least thirty (30) days' notice of its intended action. The notice shall include a statement of either the terms or substance of the intended action or a description of the subjects and issues involved, and the manner in which interested persons may present their views thereon. The notice shall be filed with the office of the secretary of state and mailed by the agency to all persons who have made timely request of the agency for advance notice of its rule-making proceedings. The secretary of state shall furnish copies at the request of any person and shall be reimbursed by the requesting person for the expense of providing such service.
- (2) If an agency finds an imminent peril to the public health, safety or welfare requires adoption of a rule upon fewer than thirty (30) days' notice and states in writing its reasons for that finding, it may proceed without prior notice of hearing or upon any abbreviated notice and hearing that it finds practicable to adopt an emergency rule. The rule may be effective for a period of not longer than one hundred twenty (120) days, renewable once for a period not exceeding ninety (90) days, but the adoption of an identical rule under subsection (1) of this section is not precluded.

- (3) No rule hereafter adopted is valid unless adopted in substantial compliance with this section. A proceeding to contest any rule on the ground of noncompliance with the procedural requirements of this section must be commenced within one (1) year from the effective date of the rule.

Sources: Laws, 1976, ch. 487, § 4, eff from and after January 1, 1977.

§ 25-43-9. Filing of agency rules in office of secretary of state; effective date of rules.

- (1) Each agency shall file in the office of the secretary of state a certified copy of each rule adopted by it, including all rules existing on January 1, 1977. The secretary of state shall keep a permanent register of the rules open to public inspection.
- (2) Each rule hereafter adopted is effective thirty (30) days after filing, except that:
 - (a) If a later date is required by statute or specified in the rule, the later date is the effective date.
 - (b) Subject to applicable constitutional or statutory provisions, an emergency rule becomes effective immediately upon filing with the secretary of state, or at a stated date less than thirty (30) days thereafter if the agency finds that this effective date is necessary because of imminent peril to the public health, safety or welfare. The agency's finding and a brief statement of the reasons therefor shall be filed with the rule. The agency shall take appropriate measures to make the emergency rules known to the persons who may be affected by them.

Sources: Laws, 1976, ch. 487, § 5, eff from and after January 1, 1977.

§ 25-43-11. Compilation and indexing of rules.

- (1) The agency shall compile and index all effective rules adopted and shall furnish the secretary of state with a copy of such rules and index. Compilations shall be supplemented or revised as often as necessary and at least once every two (2) years.
- (2) Copies of bulletins and compilations shall be made available by the secretary of state upon request to agencies and officials of this state at no cost to the agencies and officials. Other persons may receive copies by requesting them and by reimbursing the secretary of state for publication and mailing costs.

Sources: Laws, 1976, ch. 487, § 6, eff from and after January 1, 1977.

§ 25-43-13. Notice of intended revocation, suspension, annulment or withdrawal of license; emergency suspension of license.

No revocation, suspension, annulment or withdrawal of any license is lawful unless prior to the institution of agency proceedings the agency gives notice by mail to the licensee of facts or conduct which warrant the intended action and the licensee is given an opportunity to show compliance with all lawful requirements for the retention of the license. If the agency finds that

public health, safety or welfare imperatively requires emergency action and incorporates a finding to that effect in its order, summary suspension of a license may be ordered pending proceedings for revocation or other actions. These proceedings shall be promptly instituted and determined.

Sources: Laws, 1976, ch. 487, § 7, eff from and after January 1, 1977.

§ 25-43-15. Application of conflicting statutory provisions governing agency procedures in contested cases.

Specific statutory provisions governing agency procedures in contested cases which are in direct conflict with any of the provisions of this chapter shall continue to be applied to all proceedings of any such agency to the extent of such conflict only.

Sources: Laws, 1976, ch. 487, § 8, eff from and after January 1, 1977.

§ 25-43-17. Opponents of proposed rules to have opportunity to present their views and to review adverse rulings.

Each agency shall adopt procedures to assure that persons who give timely notice of their desire to contest the making of any rule shall have an opportunity to present their views and have the opportunity for review of adverse rulings.

Sources: Laws, 1976, ch. 487, § 9, eff from and after January 1, 1977.

§ 25-43-19. Proceedings to which chapter applicable.

This chapter shall not apply to proceedings pending on January 1, 1977, but shall apply to all agencies and agency proceedings thereafter begun and not expressly exempted herein.

Sources: Laws, 1976, ch. 487, § 10, eff from and after January 1, 1977.

APPENDIX D

**STATE OF MISSISSIPPI
SMALL SYSTEMS TECHNICAL ASSISTANCE SETASIDE
WORK PLAN**

INTRODUCTION

The Mississippi Local Governments and Rural Water Systems Improvements Board (Board) proposes to use the Small Systems Technical Assistance Setaside of the Drinking Water State Revolving Loan Fund in an assistance and training program directed at improving the technical, managerial, and financial capabilities of small community public water systems (systems) in the state. The goal of this program is to assure that assistance is provided to all small community public water systems that require such assistance to maintain adequate technical, financial, and managerial capabilities necessary to comply with requirements of the Safe Drinking Water Act.

SELECTION PROCESS

A request for proposals (RFP) was published in the legal section of *The Clarion-Ledger* on April 4th and 11th, 2002 with a deadline for submittal being 3:00 p.m. on April 19, 2002. Those responding to the RFP were mailed an information packet the day the request was received. The Board was presented with the proposals on April 22, 2002 and a decision was made that day as to the contract recipients. All of the contracts described below are for a two year period with an option to renew for an additional two years.

PROGRAM ACTIVITIES

The proposed technical assistance program is subdivided into four major categories (see below) of activities that will be accomplished through contracts with qualified organizations that are experienced in providing the type of support required by each activity. These categories may be updated and/or revised as a result of work plan reviews that will be conducted annually during the life of the program. Amendments will be submitted whenever activities or budgets change and when required to extend the term of the work plan.

1. **Long term technical assistance** - This assistance is comprehensive in nature and is provided to 12 systems per contract year. The Mississippi State Department of Health (MSDH) will provide a list of 15-18 systems that are to receive this assistance to the contractor at the beginning of each contract year. Within 30 days of the start date for that contract year, the contractor will identify which 12 systems that are to receive technical assistance, complete an initial assessment of the needs of each of the 12 systems, and develop a work plan for each water system. The contractor shall submit the assessment and work plan for each system to MSDH for approval prior to beginning to provide technical assistance. MSDH shall use its latest report of Capacity Ratings of Public Water Systems, along with the recommendations of MSDH staff and the contractor, to identify those public water systems that are to receive this assistance.

Activity Objective - provide long-term on-site comprehensive technical assistance to resolve problems identified by contractor. 12 systems will be chosen from a list of 15-18.

Reporting/Evaluation - written progress reports using a format approved by MSDH will be furnished monthly to MSDH and members of the Board by the contractor. The reports shall identify progress made on the work plan developed for each system. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

2. **Short-term technical assistance** - This assistance is selective in nature and consists of 4-10 contact hours for each system to a minimum of 36 systems per quarter (3 month period) of the contract year. Under special circumstances, the contractor (with MSDH approval) may provide additional technical assistance (above the 10 hour maximum) to select systems. At the beginning of each contract year, MSDH shall provide the contractor with a list of systems that are to be provided limited technical assistance. This list shall include all those systems that score below a pre-determined rating on the latest MSDH Capacity Rating. To ensure this limited technical assistance is provided in the most efficient manner possible, the contractor is authorized to select systems from this list as appropriate to meet the contractor's requirements. During each contract year the contractor is authorized to provide limited technical assistance to systems that were not otherwise identified by MSDH under this contract. The contractor must secure written MSDH approval prior to initiating limited technical assistance to these additional systems.

Activity Objectives - provide short-term (4-10 contact hours) on-site technical assistance to selected systems covering the subject(s) determined by the contractor to be most needed.

Reporting/Evaluation - written progress reports using a format approved by MSDH will be furnished monthly to MSDH and members of the Board by the contractor. The reports shall identify the assistance provided to each system. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

3. **Peer review assistance** - Through the use of trained volunteers, this assistance will be conducted on-site with the systems either selected from a list provided to the contractor by MSDH or with prior MSDH approval. A cooperative agreement between the contractor and the Mississippi Water and Pollution Control Operators' Association will help provide qualified volunteers to serve as peer review team members. There will be a minimum of 20 peer reviews per contract year with at least one peer review per month. Each volunteer shall be paid \$50 per day for each actual peer review in which the volunteer participates. The contractor will maintain a directory of trained volunteers.

Activity Objectives - provide short-term (less 8 contact hours) on-site technical assistance to selected systems covering the subject(s) determined by the contractor to be most needed.

Reporting/Evaluation - copies of all completed peer review reports will be provided to both MSDH and the Board within 30 days of completion of each peer review. written progress reports using a format approved by MSDH will be furnished monthly to MSDH and members of the Board by the contractor. The name of the system undergoing the peer review shall have the name removed and be identified by a code only known to the contractor. The report shall include: an assessment of the which type of capacity was the worst at the time of the visit; a listing of all suggested remedial action; officials present shall be listed by title; an evaluation form (previously approved by MSDH) rating the assistance provided that was completed by the system; any conditions currently or potentially endangering public health; and any other related items. The contractor shall meet with the Board on a quarterly basis to update the Board on accomplishments under this contract and answer any questions the Board might have regarding the implementation of this contract.

4. **Management Training for Water System Officials** - Section 41-26-101 of the Mississippi Code of 1972, Annotated, states “Each member elected or reelected after June 30, 1998, to serve on a governing board of any community public water system, except systems operated by municipalities with a population greater than two thousand five hundred (2,500), shall attend a minimum of eight (8) hours of management training within two (2) years following the election of that board member. If a board member has undergone training and is reelected to the board, that board member shall not be required to attend training. The management training shall be organized by the State Department of Health. The management training shall include information on water system management and financing, rate setting and structures, operations and maintenance, applicable laws and regulations, ethics, the duties and responsibilities of the association and other organizations. The department shall develop and provide all training materials. To avoid board members having to interfere with their jobs or employment, management training sessions may be divided into segments and, to the greatest extent possible, shall be scheduled for evening sessions. The department shall conduct management training on a regional basis.” The contractor shall: serve as the focal point for MSDH in regards to all activities related to the implementation of the training program in the state; randomly attend training sessions to ensure the established curriculum is being followed and that the curriculum is relevant and effective; manage the board member training curriculum review committee; establish a computerized database (within 6 months of contract inception) that accurately tracks the most current status of each board member attending the program; and other related duties.

Activity Objective - manage those activities related to the effective training of the members of the governing boards of small community public water systems.

Reporting/Evaluation - Randomly attend at least 2 sessions/contract year/training organization unannounced and furnish both MSDH and the Board members a written report within 7 days of attendance in order to prepare a report to MSDH and the Board members including the following information: review of presentation by trainer(s); any needed remedial action; attendee comments; attendance roster; and other related items. Written and oral quarterly reports shall be furnished to MSDH and the Board members that include: attendee evaluation of the trainers and training material; contractor evaluation of trainer(s); attendee comments; attendance rosters; needed remedial action; curriculum review committee meetings; itemized costs of training organization(s). Monthly reports containing the above information shall be submitted to MSDH along with the invoices for work performed under the contract. MSDH, affected board members, and affected entities shall be provided with periodic reports listing those board members who have not completed the board member training and the time remaining for completion of the training.

AGENCY RESPONSIBILITIES

The Board will conduct Small Systems Technical Assistance Setaside activities through contracts with providers who will be selected following procedures of the State of Mississippi Personal Services Contract Procurement Regulations. All providers will report to and be responsible to the MSDH for all contract activities. No additional FTE requirement is anticipated for state agencies to implement the provisions of this setaside.

Appendix E

STATE OF MISSISSIPPI STATE PROGRAM MANAGEMENT SET ASIDE ANNUAL WORKPLAN

Section 1452(g)(2) Safe Drinking Water Act Amendments of 1996

PUBLIC WATER SYSTEM MANAGEMENT PROGRAM

BACKGROUND

On January 10, 2003, the Local Governments and Rural Water Systems Improvements Board (Board) will publish a legal notice requesting public comments on the Draft FY-03 Intended Use Plan (IUP) that will set aside \$600,000 of the State's FY-03 DWSRF capitalization grant for State Program Management activities to support the Mississippi State Department of Health, FY-04 Public Water Systems Supervision Program (FY-03 PWSS Program) as allowed under Section 1452(g)(2) of the Safe Drinking Water Act Amendments of 1996. After a public comment period meeting the 30 day minimum period required by State law, a public hearing was held on February 10, 2002, to receive and consider comments from the public on the draft IUP. Since there were no adverse comments concerning the amount of the State Program Management Set Aside, the Board adopted the Final FY-03 IUP at its February Board meeting on February 14th to become effective on March 16, 2003.

This workplan describes how FY-03 DWSRF State Program Management set aside funds will be expended to support the FY-04 PWSS Program. The PWSS program is under a one year contract.

FUNDING AMOUNT

The State reserves \$600,000 of its FY-03 Drinking Water State Revolving Fund capitalization grant to be set aside for State Program Management activities to support the FY-04 PWSS Program. The reserved amount represents 7.45% of the State's expected FY-03 capitalization grant and is specified for expenditure during FY-04. The State has no plans to reserve any unspecified funds from the FY-03 DWSRF capitalization grant to be reclaimed from future capitalization grants for State Program Management activities.

NUMBER OF FTE's PROJECTED FOR IMPLEMENTING THIS SET ASIDE

The State projects forty-four (44) FTEs will be required to implement the FY-04 PWSS Program. \$550,000 reserved from the FY-03 DWSRF Capitalization Grant for State Program Management activities will fund salary and fringe benefits for eight (8) of these FTEs and fund realignment raises for all 44 FTEs. The remaining \$50,000 will be used for contractual services for technical assistance.

GOALS, OBJECTIVES, OUTPUT AND DELIVERABLES

The MSDH, FY-04 Workplan is made a part of this workplan by reference. The commitments as stated in the PWSS Workplan are adopted as commitments of the State Program Management set aside.

SCHEDULE FOR COMPLETING ACTIVITIES

The schedule for completing State Program activities under this workplan will be the schedule established by dates entered in the "Date Due" column of the MSDH, FY-04 PWSS Workplan.

AGENCY RESPONSIBILITIES

The Mississippi State Department of Health is the agency responsible for implementing required activities under the State Program Management set aside.

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET ASIDE ACTIVITIES

The success of State Program Activities will be defined by the ability of the MSDH to successfully meet commitments in the FY-04 PWSS Workplan. Quarterly and annual reports/submittals required by the PWSS program include documentation and evaluation of ongoing program implementation and success in meeting stated commitments.

FY-03 SOURCE WATER PROTECTION PROGRAM

BACKGROUND

On May 8, 2003, the Local Governments and Rural Water Systems Improvements Board (Board) will publish a legal notice requesting public comments on the Draft FY-03 Intended Use Plan (IUP) Amendment # 1 that will set aside \$196,000 of the State's FY-03 DWSRF capitalization grant to provide technical assistance through support of the Mississippi State Department of Health source water protection program as allowed under Section 1452(g)(2) of the Safe Drinking Water Act Amendments of 1996. After a public comment period meeting the 30 day minimum period required by State law, a public hearing was held on June 9, 2003, to receive and consider comments from the public on the draft IUP. After Addressing any comment(s) concerning this set-aside, the Board should adopt the Final FY-03 IUP Amendment # 1 at it's scheduled meeting on June 13 to become effective on July 30, 2003.

This workplan describes how FY-03 DWSRF State Program Management set aside funds will be expended to support the FY-03 source water protection portion of the technical assistance programs. This portion is under a one year contract.

FUNDING AMOUNT

The State reserves \$196,000 of its FY-03 DWSRF capitalization grant to be set-aside for technical assistance through source water protection activities during FY-03. The reserved amount represents 1.32% of the state's capitalization grant and is specified for expenditure

during FY-03. The state has no plans to reserve any unspecified funds from the FY-03 DWSRF capitalization grant to be reclaimed from future capitalization grants for source water protection activities.

GOALS, OBJECTIVES, OUTPUT, AND DELIVERABLES

The MSDH FY-04 Workplan is made a part of this workplan by reference. The commitments as stated in both the PWSS Workplan and the Source Water Assessment Program contract with the Department of Environmental Quality are adopted as commitments of the State Program Management set-aside.

SCHEDULE FOR COMPLETING ACTIVITIES

The schedule for completing State Program activities under this workplan will be the schedule established by dates entered in the "Date Due" column of the MSDH FY-04 PWSS Workplan. The deadline for completing the source water protection activities is June 30, 2004.

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

The success of State Program activities will be defined by the ability of MSDH to successfully meet its commitments in the workplan. Quarterly and annual reports/submittals required by the PWSS and semi-annual and annual reports/submittals for the source water protection activities include documentation and evaluation of ongoing program implementation and success in meeting state commitments.

Appendix F

STATE OF MISSISSIPPI WELLHEAD PROTECTION SETASIDE ANNUAL WORKPLAN

Section 1452(k) Safe Drinking Water Act Amendments of 1996

BACKGROUND

On May 8, 2003, the Local Governments and Rural Water Systems Improvements Board (Board) will publish a legal notice requesting public comments on the Draft FY-03 Intended Use Plan (IUP) Amendment # 1 that will set-aside \$404,000 of the State's FY-03 Drinking Water State Revolving Fund (DWSRF) capitalization grant to provide wellhead protection and study program as allowed under Section 1452(k)(1)(D) of the Safe Drinking Water Act Amendments of 1996. After a public comment period meeting the 30 day minimum period required by State law, a public hearing will be held on June 9, 2003, to receive and consider comments from the public on the draft IUP. After addressing any comment(s) concerning this set-aside, the Board should adopt the Final FY-03 IUP Amendment # 1 at its scheduled meeting on June 13 to become effective on July 30, 2003.

This workplan describes how FY-03 DWSRF Other State Program set-aside funds will be expended to support the FY-03 source water protection portion of the technical assistance programs. This portion is under a one year contract.

FUNDING AMOUNT

The State reserves \$404,000 of its FY-03 DWSRF capitalization grant to be set-aside for wellhead protection and study during FY-03. The reserved amount represents 5.05% of the state's capitalization grant and is specified for expenditure during FY-03. The state has no plans to reserve any unspecified funds from the FY-03 DWSRF capitalization grant to be reclaimed from future capitalization grants for wellhead protection and study activities.

GOALS, OBJECTIVES, OUTPUT, AND DELIVERABLES

The MSDH FY-04 Workplan is made a part of this workplan by reference. The commitments as stated in both the Source Water Assessment Program contract with the Department of Environmental Quality are adopted as commitments of the State Program Management set-aside.

SCHEDULE FOR COMPLETING ACTIVITIES

The deadline for completing wellhead protection and study activities under this workplan is June 30, 2004.

EVALUATION PROCESS TO ASSESS THE SUCCESS OF SET-ASIDE ACTIVITIES

The success of the wellhead protection and study activities will be defined by the ability of MSDH to successfully meet its commitments in the workplan. Semi-annual and annual reports/submittals for the wellhead protection and study activities include documentation and evaluation of ongoing program implementation and success in meeting state commitments.

Appendix G

TABULATION STATE OF MISSISSIPPI STATE PROGRAM MANAGEMENT SET ASIDE MATCH REQUIREMENTS

Mississippi 1:1 Requirement for FY 2003 State Program Management Set Aside

| | FY 1993 | FY 2003 |
|---|----------------|----------------|
| PWSS Grant | \$769,600 | \$ 1,181,700 |
| State Required Match for PWSS Grant | \$256,533 | \$ 389,633 |
| Actual State PWSS Contribution | \$256,533 | \$ 1,245,610 |
| State PWSS Overmatch | \$0 | \$ 855,977 |
| State PWSS Expenditures <u>Eligible</u> for 1:1 SPM Match | \$134,078 | \$ 600,000 |
| State PWSS Expenditures <u>Claimed</u> for 1:1 SPM Match | \$0 | \$ 600,000 |
| Source Water Protection Activities Eligible for 1:1 SPM Match | \$ 94,779 | \$ 101,221 |
| Source Water Protection Activities Claimed for 1:1 SPM Match | \$ 94,779 | \$ 101,221 |

Mississippi requests that \$600,000 of its FY-2003 DWSRF capitalization grant be set aside for State Program Management (SPM) to support Public Water Supply Supervision (PWSS) activities, and \$196,000 of its FY-03 DWSRF capitalization grant be set-aside for source water protection activities. To comply with the additional 1:1 match requirement for SPM set asides, \$796,000 in additional State funds will be required. The State provided \$796,000 above the State's PWSS match requirement in FY-03. In accordance with Section 1452(g)(2) of the Safe Drinking Water Act of 1996, the State claims \$796,000 from its FY-03 PWSS overmatch as credit to satisfy the \$796,000 additional State match required to set aside \$796,000 of its FY-03 capitalization grant for SPM activities.